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Democracy Dies in Darkness

This U.S. manufacturer doesn't mind Trump's tariffs at all

But even companies with mostly U.S. supply chains face challenges in tariff-proofing.



A worker prepares hand dryers for shipping at Excel Dryer in East Longmeadow, Massachusetts, on Thursday. Excel Dryer's all-domestic supply chain helps it avoid much of the pain associated with higher tariffs. (Joe Bugdowicz/For The Washington Post)

EAST LONGMEADOW, Mass. — Tariffs have clipped stock values, shrunk the dollar and slammed the U.S. economy into reverse.

But at the local Excel Dryer plant, William Gagnon, the chief operating officer, is unfazed. In fact, President Donald Trump's import taxes so far have been nothing but good news for one of the world's largest makers of restroom hand dryers.

Gagnon, 48, credits Trump's first-term tariffs with changing the math on production location decisions, enabling Excel to construct an all-domestic supply chain that insulates the company against the uncertainty roiling much of U.S. manufacturing and gives its an edge over competitors that import their dryers.

With luck, the president's second-term "reciprocal" tariffs might result in the elimination of trade barriers that prevent Excel's high-velocity hand dryers from dominating markets in countries such as Brazil and Australia.



William Gagnon, chief operating officer of Excel Dryer. The company constructed an all-domestic supply chain after President Donald Trump's first-term tariffs.

"We have good representation internationally, but we're really looking to grow that, and what we're finding is we have a lot of barriers to entry," Gagnon said. "The reciprocal tariff approach is really going to open up more international markets for us."

Many manufacturers share Gagnon's sentiments. But Excel's experience also illustrates the difficulties involved in tariff-proofing supply chains, the limits of what tariffs can achieve and the obstacles that the president's domestic manufacturing push will face.

Just past the 100th day of his second White House term, Trump's tariffs are not popular. Companies across the United States complain that the president's shape-shifting import taxes make planning and investment all but impossible.

Americans reject the Trump levies by a margin of nearly 2 to 1, according to a recent Washington Post-ABC News-Ipsos national poll. Overall 64 percent of adults surveyed — including 70 percent of political independents — said they disapprove of the new taxes, compared with 34 percent who approved in the poll conducted April 18-22.

For Gagnon, however, the tariffs offer clear benefits. By making foreign goods more expensive, the import taxes make domestic suppliers more competitive while also discouraging Americans from purchasing cheap Chinese copies of Excel's hand dryers. The tariffs also offer hope of prying open foreign markets, assuming the president's negotiations with more than a dozen nations eventually bear fruit.

Excel, which expects revenue this year of about \$40 million, stands as the rare manufacturer whose major suppliers are all American. The company bills its signature product, the "Xlerator," as faster than competing models and thus as an automatic hand dryer that people actually like to use.

Since debuting in 2000, the Xlerator has spread widely. Today, the powerful Excel units can be found in Grand Central Terminal in New York, Buffalo Wild Wings restaurants around the United States, and airports in London and Istanbul.

Excel's success in securing domestic sources for the Xlerator's main parts anticipated a broader corporate trend.

Over the past decade, a series of shocks caused American manufacturers to begin rethinking their supply chains after decades of offshoring left the United States dependent on foreign suppliers for critical products.

First, Trump imposed tariffs on washing machines, solar panels, steel, aluminum and roughly \$360 billion in Chinese products. Then, the coronavirus pandemic disrupted global production of household goods and critically needed medical products such as ventilators. Finally, Russia's 2022 invasion of Ukraine upended global markets in food, fuel and fertilizer, sending prices soaring.



Employees work on the line at Excel Dryer.



A worker prepares electrical components.



Hand-dryer components.

"I do think we've gone too far as far as offshoring manufacturing jobs. And now we're finding ourselves in that pickle of, 'Wow, there are actually things that we need in this country that we do not have the infrastructure to produce anymore,'" said Korey Bell, president of Westside Finishing in Holyoke, Massachusetts, an Excel supplier.

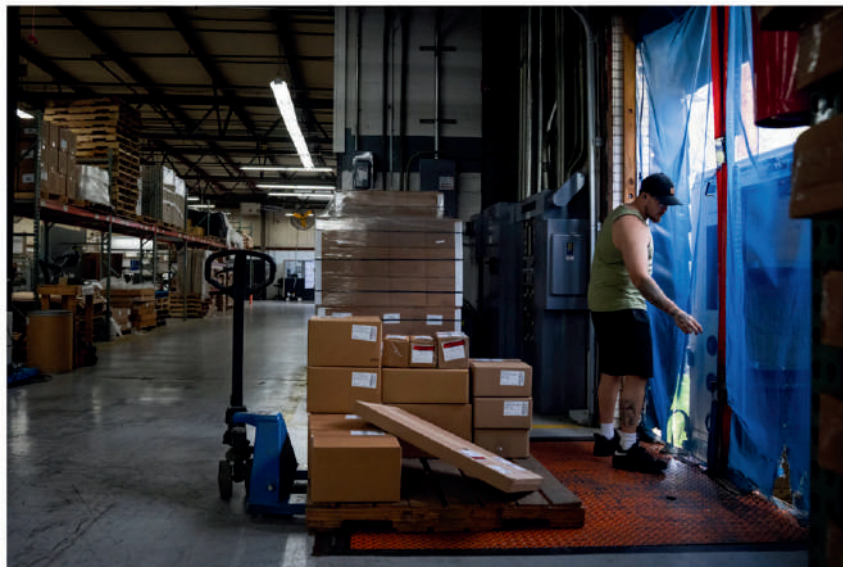
Privately held Excel Dryer had been seeking to boost its use of domestic components for years before Trump's 2016 election. The final challenge was the motor that drives the Xlerator's high-velocity airflow.

Chinese motor makers had long enjoyed a distinct cost advantage over American models. But the available models had not been designed for commercial hand dryers. They were generally vacuum cleaner motors repurposed for use in a dryer, according to Gagnon.

"You couldn't match the performance, the size and the cost in America," he said.



A worker puts the finishing touches on the Xlerator, the company's signature product.



An order is loaded onto a truck.

After seven years of searching for a domestic supplier, Excel finally discovered the Scott Fetzer Electrical Group in Fairview, Tennessee, part of Warren Buffett's Berkshire Hathaway. Fetzer's domestic models were more expensive than the company's Chinese competitors, but the tariffs "absolutely helped us" close the price gap, Gagnon said.

"If that 25 percent tariff wasn't there when we were making the decision to switch from China to this new vendor, we probably wouldn't have said yes," he said.

Excel Dryer engineers brainstormed motor designs with their counterparts from Fetzer and checked in on progress with weekly phone calls. Gagnon made numerous visits to the Tennessee plant, a short, two-and-a-half-hour flight away.

For years, he'd felt neglected by distant Chinese suppliers who lavished attention on giant multinational buyers while devoting little attention to his needs. Working with domestic partners that he could easily visit and deal with directly made it easier to resolve routine production challenges.

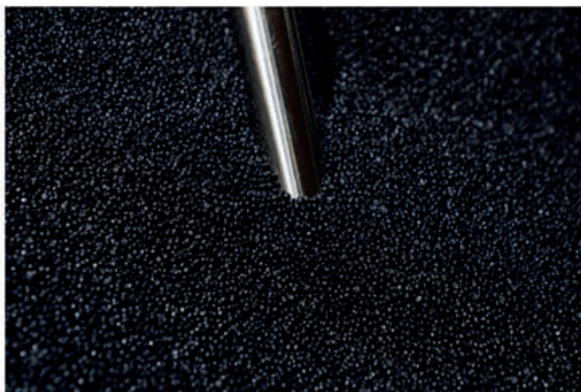
"We got to know each other. There was a relationship there. None of that existed working with our Chinese partners," he said.

Fetzer began in 2019 by improving on the design of the existing Chinese motor before starting from scratch on new models for Excel's next-generation products. They dubbed the first entirely new design "the Unicorn model" because it didn't exist, Gagnon said.

Excel's latest model, slated to be introduced next year, is known as the "pancake motor" in a nod to its narrow profile, designed to conform with requirements in the Americans With Disabilities Act, Gagnon said. (Hand dryers in public spaces are limited as to how far they can extend out from the wall so as not to endanger the blind.)

Excel's success does not mean that production of everything U.S. companies buy from abroad can be readily moved home. Deciding whether to buy a part from overseas or to source it locally hinges on several factors, including the manufacturer's size, according to Willy Shih, a Harvard Business School professor who spent nearly 30 years managing corporate supply chains.

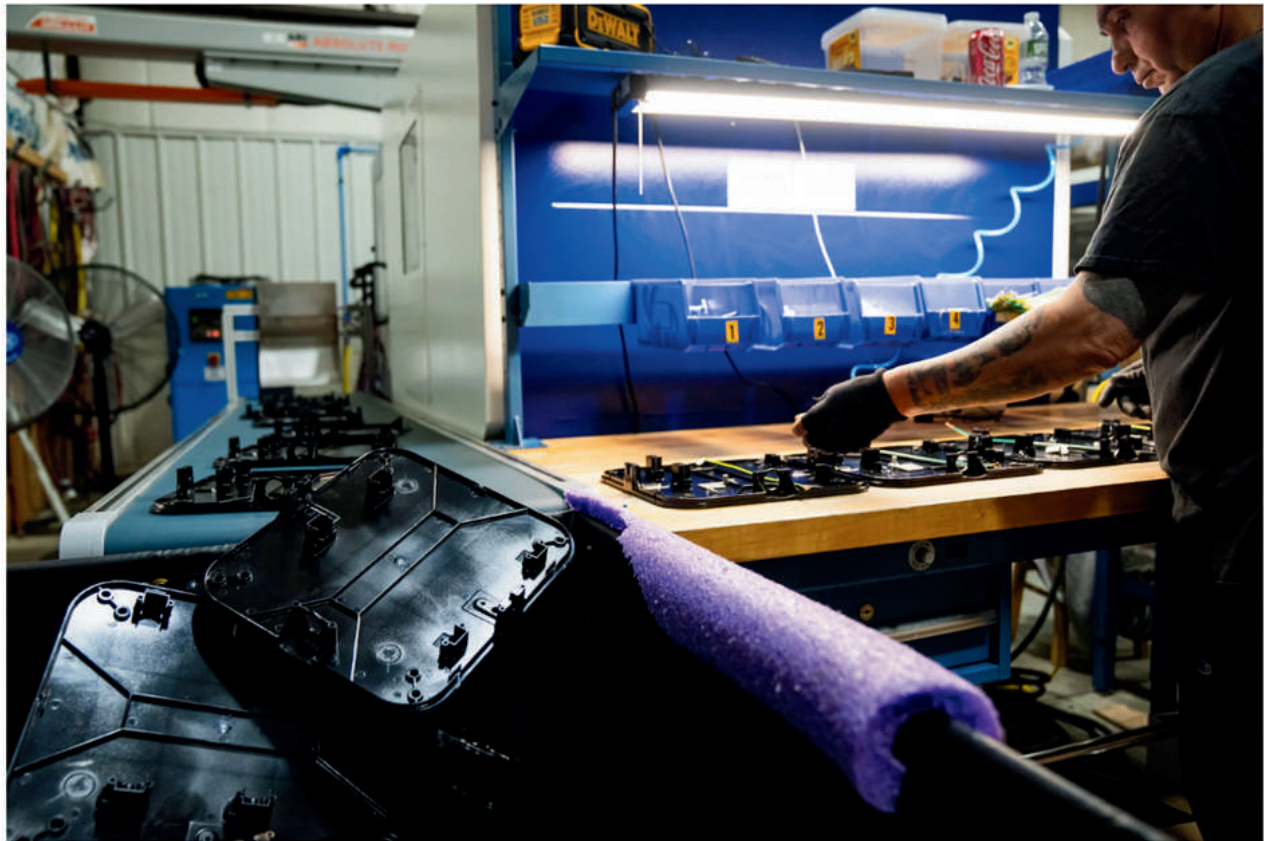
Smaller manufacturers like Excel Dryer are likely to order fewer goods at a time, making shipping charges — or the cost of executives' repeated transpacific trips to oversee production — a larger percentage of their overall costs, he said. But products that require a significant amount of labor to assemble, such as a smartphone, still might be better sourced from a low-wage nation such as [China](#).



Plastic pellets used in manufacturing at Double A Molding.



A Double A worker checks a component for air bubbles.



A worker at Double A Molding, an Excel Dryer supplier in Monson, Massachusetts, works on a hand-dryer component.

“It’s highly product-dependent,” Shih said. “There are a lot of trade-offs.”

The tariffs Trump imposed on China this year also have brought more work home for one of Excel Dryer’s local suppliers: Double A Molding in Monson, Massachusetts.

While Midwestern states such as Ohio and Michigan are generally considered the nation’s manufacturing center, New England retains an impressive legacy.

Massachusetts is where the industrial revolution flowered in the United States, with textile and paper mills in river towns like Lawrence, Lowell and Holyoke. In Vermont, the development of Civil War-era rifles with interchangeable parts gave birth to the precision machining industry. And Connecticut has 9 percent of its workforce in factories, slightly above the national average.

As Trump escalated his trade spat with China in recent weeks, Double A felt the effects.

The company produces plastic injection molded covers, housings and back plates for Excel’s hand dryers. The price of small, precut Chinese filter screens, which sit inside the hand dryers, rose by 30 percent after the China tariffs took effect, according to Ross Wulfinf, Double A’s owner. So the company has begun buying them from a vendor in Ohio and cutting them themselves, he said.



Ross Wulfin, the owner of Double A Molding, believes tariffs could eventually lead to more domestic manufacturing.

Doing the work in Massachusetts costs Excel 10 to 15 percent more than buying from China, Wulfin said. But using a U.S. supplier allows the manufacturer to avoid the previous four-month lead time on orders.

"It's not as cost-effective as getting them from China, but we can be more responsive to their needs if there's a surge," he said.

Inside the company's workshop, crowded with machinery, 11 laborers toil on plastic parts for Excel's dryers, as well as for maritime compasses, dental equipment and industrial grinding wheels.

Business is good. And Wulfin believes that tariffs could eventually result in more manufacturing work being done in the United States.

But finding enough workers, even with average operator pay around \$21 an hour, is a constant struggle. Wulfin already felt compelled to spend \$45,000 on a new piece of equipment because he has trouble keeping his shop fully staffed.

"I worry about the labor. If we can't get labor now, if we increase our capacity by 25 percent, I don't know if we could get the people to actually do it," he said.

Double A gets more than 90 percent of its raw materials from domestic sources. Yet, like many made-in-the-USA products, its plastic parts remain dependent upon a Chinese source for an essential ingredient, in this case a flame-retardant chemical additive.



A worker operates a welding machine at Double A.



Wulff shows some of the pieces that fit Excel hand dryers.

So even if Excel buys from Double A, a U.S. supplier, and Double A buys from another U.S. supplier, it is virtually impossible to eliminate the hand dryer manufacturer's dependence upon China. It's another instance of what economists called U.S. manufacturers' "hidden exposure" to Chinese suppliers, according to research published by the Brookings Institution in 2023.

Double A Molding's newest injection-molding machinery also was made in China. Perhaps two companies in the United States still make such equipment, down from more than a dozen when Wulfing started in the industry in 1973, he said.

The Chinese machinery works well and has been reliable. But amid mounting U.S.-China trade tensions, Wulfing frets about obtaining spare parts if something fails.

"You worry about it," he said, "worry about you lose something and they say: 'Well, it's got to come from China.'"



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